

Pathways to Formalization and Decent Work for Young People in Argentina

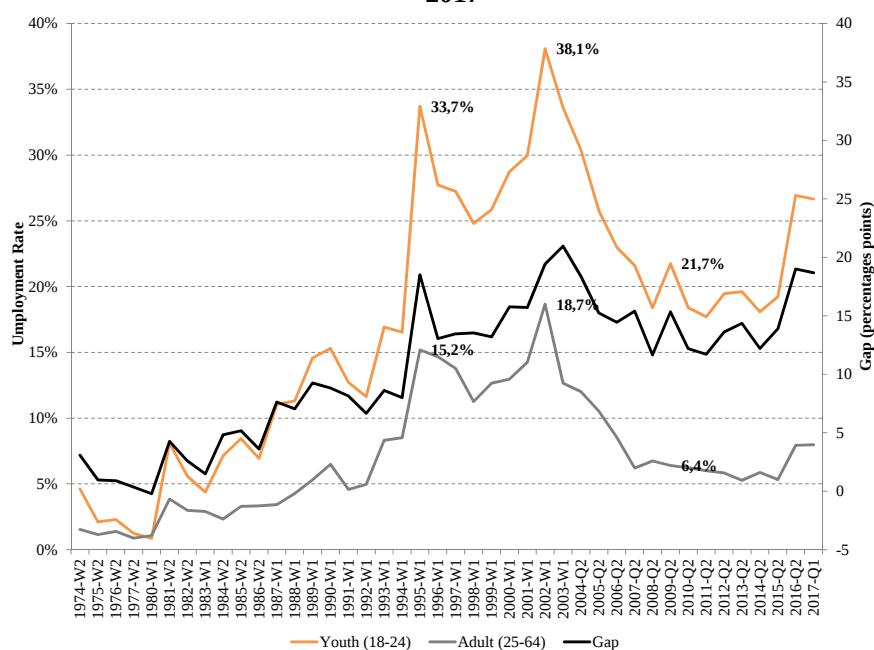
Executive Summary

In Argentina, the number of people between the ages of eighteen and twenty-four reached a total of 4.9 million, or 11% of the population, in 2017. That could become a future source of growth and development, a unique demographic opportunity to further inclusive growth. Notwithstanding, the vulnerability of millions of young workers continues to be an obstacle to extending the benefits of the demographic boost (ILO, 2015).

1. Employment and Transition to Decent Work for Young People in Argentina

Lack of quality employment opportunities is a crucial factor that impedes the inclusion of youth in society (OECD, UNECLAC, and CAF, 2017). From 1974 to 2017, the average youth unemployment rate in Greater Buenos Aires (GBA) was 17.6%, or more than twice the rate for adults (7.1%). That indicates a significant gap between young people and adults regarding opportunities for employment insertion (Graph 1)—a situation that persists regardless of phases in the economic cycle.

Graph 1. Evolution of Youth and Adult Unemployment Rate, Greater Buenos Aires, 1974-2017



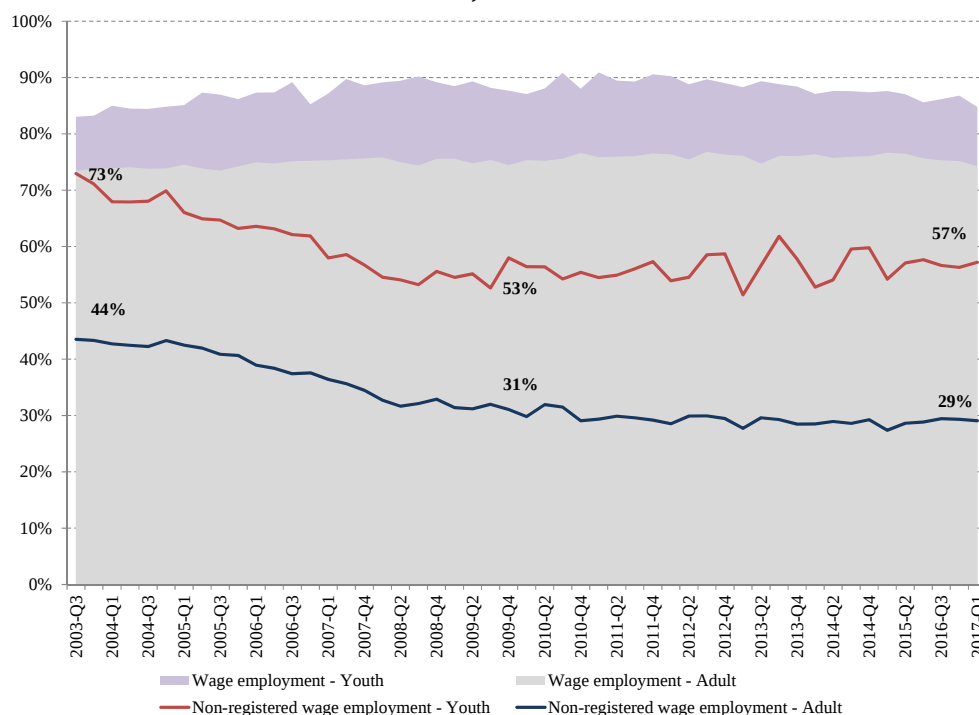
Note: W1 and W2 refer to first and second wave of the survey, respectively.

Source: Own elaboration on the basis of EPH (acronym in Spanish for Permanent Household Survey).

The drop in the GDP's rate of growth starting in 2008 had a greater impact on employment opportunities for young people than for adults, which evidences that the economic slowdown in recent years has curtailed—and, in some cases, even reversed—previous gains in the labor market. Across the nation, an increase in youth unemployment of 6 p.p. (from 18% to 24%) was registered from 2011 to 2017, whereas the increase in the rate for adults was less than 2 p.p. (from 5% to nearly 7%).

The recent slowdown in economic growth or even contraction of the economy has also had an impact on the quality of youth employment, turning around some of the positive trends of the last decade (Graph 2). During the economic recovery that took place from 2003 to 2008, the rate of youth informal employment dropped significantly (from 73% to 53%), a trend that slowed down in later years. Indeed, the percentage of young people holding non-registered wage jobs grew from 51% to 57% from 2013 to 2017, whereas there was no significant change in that rate among adults. Similarly, the economic crises had greater impact on the rate of informal employment for youth than for adults. Furthermore, the effect of that problem on young people is particularly troubling considering their high rate of wage employment relative to adults.

Graph 2. Rate of wage employment and of non-registered wage employment for youth and adults, 2003-2017

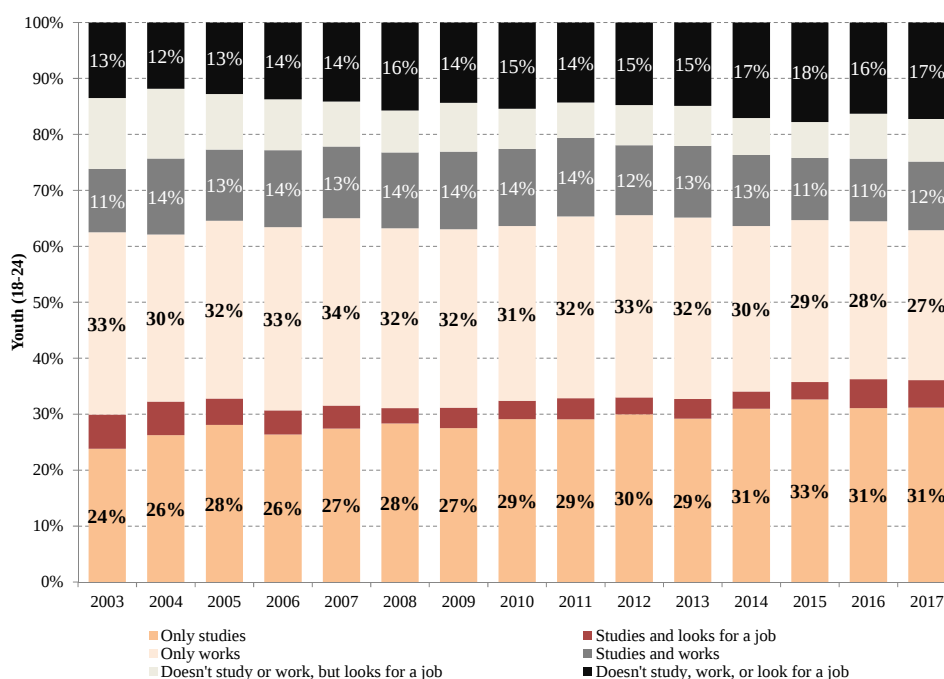


Source: Own elaboration on the basis of EPH (acronym in Spanish for Permanent Household Survey).

At the same time, the distribution of employment opportunities for young people is uneven throughout the country and the lack of opportunities is particularly dire in some cities. Whereas the youth unemployment rate reached 32% in Mar del Plata, it is only 5% in Santiago del Estero. This evidences persistent inequalities in employment opportunities and reflects deeply rooted socioeconomic problems that tend to affect youth disproportionately (ILO, 2016).

The educational system and the labor market are two important channels of social inclusion. In the first quarter of 2017, 11% of teenagers aged sixteen and seventeen stated that they did not attend an educational institution or have a paid job; one of every four young people found themselves in the same situation. The weight of that group among young people grew from 21% to 25% from 2011 to 2017—mainly due to a rise in youth unemployment. In periods of recession or of economic stagnation, young people often find themselves obliged to enter the labor market to contribute to household income (ILO, 2016). The percentage of young people that neither works nor studies is troubling since, within that group, the participation of those who are not looking for work is high. Furthermore, according to data provided by the Non-Remunerative Work and Use of Time Survey for 2013 (Bertranou and Casanova, 2015), most of the young people in that situation are female (71% in 2017); over half of the young women who neither attend school nor work engage in unpaid care tasks.

Graph 3. Status of young people ages 18 to 24 regarding enrollment in the educational system and participation in the labor market, 2003-2017



Source: Own elaboration on the basis of EPH (acronym in Spanish for Permanent Household Survey).

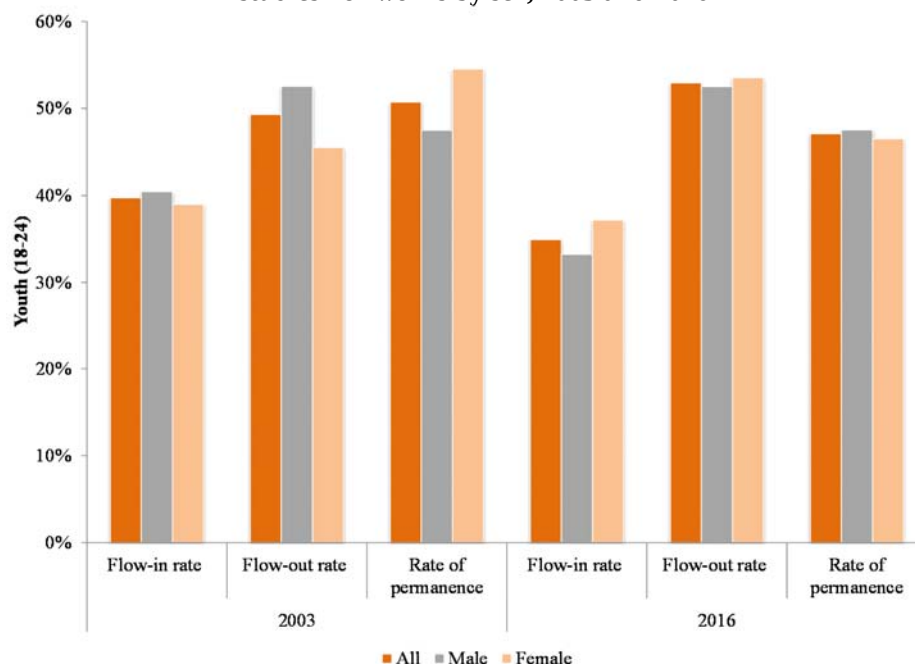
According to data provided by the National Social Security and Protection Survey (ENAPROSS for the acronym in Spanish) for 2015, in the jurisdictions it covers¹ some 19% of young people do not attend school but do take part in some sort of work training, a proportion smaller than the rate of young people that take part in training and make another use of their time (the average for the latter stands at 24.6%). The overwhelming majority of young people that do not study or work, then, do not take part in work training either. Those findings are troubling since this indicator could well be tied to risk of long-term marginalization in the labor market and of

¹ The jurisdictions covered by the ENAPROSS for 2015 are the City of Buenos Aires (CABA), the counties in Greater Buenos Aires, and the provinces of Catamarca, Corrientes, Chaco, Jujuy, and Río Negro.

social exclusion. In order to formulate public policies that substantially improve strategies for more effective inclusion in the labor market, the educational system, and society as a whole, it is necessary to interrogate the reasons both for the degree and for the changes over time in the proportion of young people that neither works nor attends school (OECD, UNECLAC, and CAF, 2017). The results of the ENAPROSS for 2015 show that the main reasons young people do not attend an educational institution are motherhood or fatherhood, and the subsequent care responsibilities it brings; lack of economic resources; and lack of motivation to continue studying.

Whether short or long, the periods during which young people are not attending an educational institution or working at a paid job may have a harmful effect on their employment futures (OECD, UNECLAC, and CAF, 2017). In 2016, 47% of young people who neither attended school nor worked remained in that situation the following quarter (Graph 4). While that rate of permanence is relatively high, it is 7% less than it was in 2003 (50.7%).

Graph 4. Flows in, flows out, and permanence in the group of young people that neither studies nor works by sex, 2003 and 2016



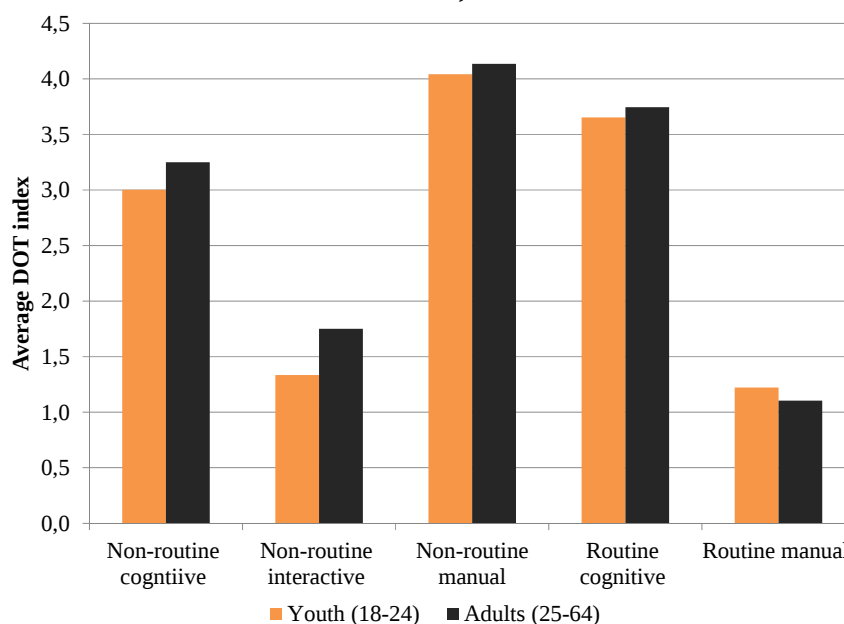
Source: Own elaboration on the basis of EPH (acronym in Spanish for Permanent Household Survey), 3rd and 4th quarters

Finally, young people today face new challenges in the labor market due to constant technological advances and digital transformation. While technology's impact on job creation and destruction remains unclear, it has generated a change in the type of tasks performed by workers. Compared to their adult counterparts, the jobs performed by young people in Argentina entail to a lesser extent intense non-routine cognitive tasks and interactive tasks less prone to automation (Graph 5).

In this context, it is essential to immediately devise and implement strategies to address potential technological unemployment. According to World Bank estimates (2016), the proportion of jobs that could be automated in Argentina is just over 60%. Strengthening and

redesigning the system for continuous training is important to offsetting this problem, by readapting the labor supply and by considering new demands for labor. Public-private sector cooperation must be considered for funding and the use of scale economies for training tasks (Apella and Zunino, 2017). Along those lines, the recent Digital Skills for Decent Jobs for Youth campaign launched in June 2017 by the ILO and the International Telecommunications Union (ITU) aims to furnish five million young people around the world with digital skills by 2030 in order to enable them to find a decent job. Pertinent on the national level is the agreement between the National Institute of Technological Education (INET for the acronym in Spanish) and Internet Media Services (IMS), the leading Argentine company in digital marketing and communication. The agreement was signed in 2016 in order to develop activities of common interest in the sphere of education and training of human resources at ICTs.

Graph 5. Average DOT Index for each type of task performed by employed young people and adults, 2016



Note: The Dictionary of Occupational Titles (DOT) indexes measure the intensity with which each of the five types of tasks is performed in an occupation. These indexes were developed by Autor, Levy, and Murnane (2003) on the basis of the variables in the DOT.

Source: Own elaboration on the basis of EPH (acronym in Spanish for Permanent Household Survey), 4th quarter

It is also possible that younger generations of workers are more equipped to adapt to technological changes and that adults are, in fact, the ones that have more trouble redefining the tasks they perform at work and, therefore, constitute a population more exposed to the risk of technological unemployment (Apella and Zunino, 2017). The National Survey on Information and Communications Technologies (ENTIC for the acronym in Spanish) for 2011 reveals that a higher percentage of young people than adults uses computers and the Internet. Furthermore, young people that use those ITCs are more likely to have quality jobs than those that don't.

2. Obstacles to Passage to Decent Work: School Desertion, Care Tasks, and Precarious Jobs

Some of the main obstacles faced by young people as they attempt to make a successful transition to a decent job are school desertion, care tasks, and precarious jobs.

Teenagers ages sixteen and seventeen are particularly vulnerable because they are at the age when mandatory schooling should be completed. The Module on the Activities of Girls, Boys, and Adolescents (MANNyA for the acronym in Spanish) for 2012 reveals a negative correlation between teenage employment and school performance or attendance at mandatory levels of education. Young people who work are more than three times less likely to start high school than young people who don't. These results are particularly troubling given the high rate of work among teenagers: MANNyA² data shows that 31% of all adolescents perform some sort of work activity, and 33% of male adolescents do³ (Bertranou and Casanova, 2015).

Young people's skills are largely developed in the first stages of life; what happens in basic education is key. The tie between education and work at that stage is central to future productivity (OECD, UNECLAC, and CAF, 2017). The results obtained for the jurisdictions covered by the National Social Security and Protection Survey (ENAPROSS) for 2015 indicate that 32% of all young people that repeated a grade in primary or secondary school began working before the age of eighteen, whereas only 20% of those that did not repeat years started working that young.

While the rate of school desertion was relatively high in 2017, it dropped significantly from 2003 to 2016, especially among young people from the lowest income stratum (from almost 49% to 30%).

The main decent work deficits among young people were, in order of importance, those related to the lack of social protection (56% in 2017), employment instability (27% in 2017), and under-minimum wage earnings (26% in 2017). Those deficits only worsen in contexts of economic instability and recession.

3. The Role of Social Protection as Part of Policies to Support Pathways to Decent Work for Young People

In light of the obstacles faced by young people as they attempt to transition into decent work, the national government has implemented a range of policies geared to that age group. Of those programs, the two most important in terms of coverage are the "Youth with More and Better Work Program" (PMyMT for the acronym in Spanish) and the Program to Support Students of Argentina (PROGRESAR for the acronym in Spanish). Evidence suggests a significant drop in the estimated coverage rate of both in recent years (Graph 6). The drop in PMyMT coverage starting in 2014 could be related to the fact that its beneficiaries were transferred to the PROGRESAR, which was created that year. There is a significant overlap in the two program's

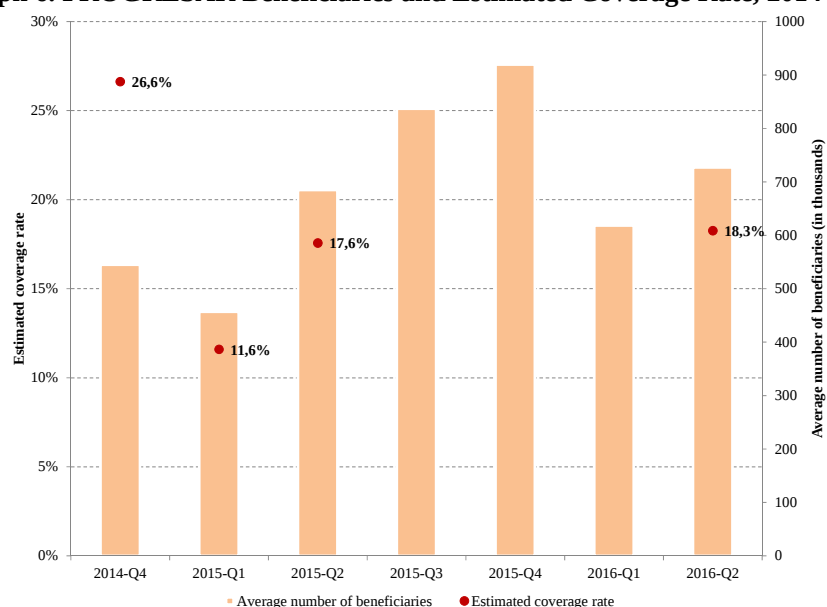
² This is the most recent survey available with information on child and adolescent labor in Argentina.

³ For more details on the characteristics of adolescent work, see Bertranou and Casanova (2015).

target populations: almost all (90%) of the young people who qualify for the PJMyMT also qualify for the PROGRESAR. Similarly, the failure to increase the benefit amount in a context of high inflation might be one of the reasons for low levels of participation in these programs.

Notwithstanding, the size of the population eligible for the PROGRESAR nearly doubled in early 2015 due to an increase in the cutoff income.⁴ From 2015 to 2017, over 80% of all young people between the ages of eighteen and twenty-four—almost four million individuals—met the program’s requirements. That evidences the PROGRESAR’s potential to become the furthest reaching income-transfer program for the youth population in Argentina; it could come to operate like an extension of the Universal Child Allowance (AUH for the acronym in Spanish) for this age group.

Graph 6. PROGRESAR Beneficiaries and Estimated Coverage Rate, 2014-2016



Note: It was impossible to estimate coverage rate for the 3rd and 4th quarters of 2015 and for the 1st quarter of 2016 because no EPH (acronym in Spanish Permanent Household Survey) micro-data is available for those periods.

Source: Own elaboration on the basis of EPH, UNECLAC projections for the youth population, and the National Social Security Administration (ANSES for the acronym in Spanish) data (<http://www.transparencia.anses.gob.ar/>).

Future employment insertion for young people depends not only on finishing school, but also on specific work training. In terms of the latter, the Ministry of Labor, Employment and Social Security (MTEySS for the acronym in Spanish) and the Ministry of Education have undertaken a number of actions geared to young people. The Employment Training Centers (CFP for the acronym in Spanish) are among the institutions key to making training courses available. The centers, which are run by the country’s twenty-four jurisdictions, look to a non-scholastic institutional model and give dynamic short-term courses. The current policies of the National Institute of Technological Education (INET for the acronym in Spanish) include strengthening ties between job training and industrial clusters and hubs, as well as participation in local efforts in the country’s micro-regions to help recover regional economies.

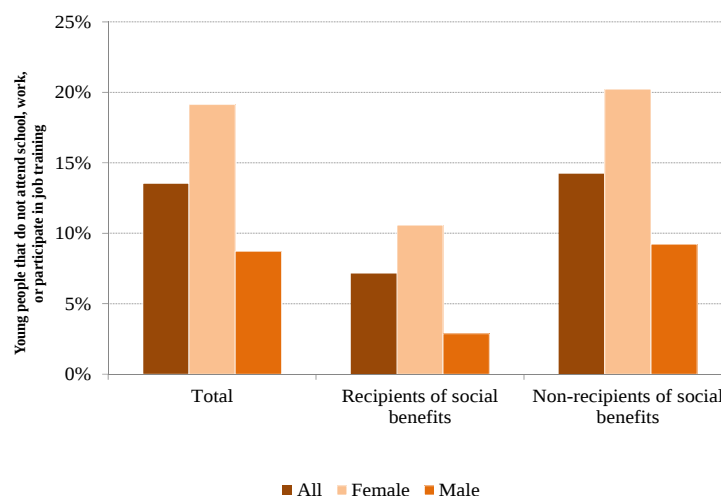
⁴ Decree N° 505 issued in April 2015 raised the maximum individual and household income for eligibility from the Minimum, Vital and Mobile Salary to three times that amount.

Regarding these and other programs aimed at young people in Argentina, there is a need to develop rigorous impact assessments that can quantify the effects on beneficiaries in terms of education and employment results, as well as cost effectiveness. Some of the few estimates available show that the PJMyMT and the sectoral training courses given by the MTEySS have a positive effect on the likelihood of finding a formal job; there is also evidence of the need for improvement in terms of implementation and design (Castillo et al., 2014, Mazorra et al., 2014).

4. The Sustainable Development Agenda and the Pathway to Decent Work for Young People

As is evident from the situation described above, the current nature of youth employment and the transition from education to work presents several challenges in the framework of the Sustainable Development Goals (SDG) set by the agenda for 2030. Goal eight is to promote inclusive and sustainable economic growth, full and productive employment, and decent work for all. Economic growth centered on employment sets off a virtuous cycle that drives sustainable development (ILO, 2017). Yet, the estimated increase in youth employment relative to the levels of economic growth hoped for is too modest to meet goal 8.6, which upholds reducing considerably by 2020 the rate of young people who are neither employed, nor attending school, nor receiving job training. Nineteen percent of young women and nine percent of young men in the jurisdictions covered by the ENAPROSS in 2015⁵ find themselves in that situation. This data indicates that most young people (81%) that do not attend school or work do not receive work training either. Notwithstanding, being the beneficiary of a social program appears to have an inverse relationship to the lack of participation in formal education, the labor market, and job training.

Graph 7. Young people that do not attend school, work, or participate in job training by beneficiary status, 2015



Note: The jurisdictions covered by the ENAPROSS in 2015 included the City of Buenos Aires (CABA), the counties in Greater Buenos Aires, and the provinces of Catamarca, Corrientes, Chaco, Jujuy, and Río Negro.

Source: Own elaboration on the basis of ENAPROSS 2015.

⁵ This is one of the few surveys available in Argentina in 2015 with information on participation in training courses. Because of its limited geographic coverage, though, the survey does not enable assessment of performance in relation to SDG 8.6 for all young people in the country.

In this panorama, it is clear that economic growth must be bolstered and specific policies implemented to promote youth employment in order to alter or influence employment-output elasticity.

At the same time, SGD 8.b requires the development and implementation of a world strategy for youth employment and the application of the International Labour Organization's Global Jobs Pact by 2020. Active labor market policies are a key tool in this strategy, and hence their funding should be reinforced. Notwithstanding, consolidated public expenditure on employment programs and unemployment insurance is low compared to the expenditure in OECD countries (less than 0.5% of the GDP on average from 2003 to 2015) (OECD, 2017). Despite economic stagnation in recent years, the participation of expenditure on such programs in the GDP has not only not increased, but actually dropped slightly. Equally important to meeting goals 8.6 and 8.b is improving the efficiency and geographic scope of employment programs, especially those aimed at improving the employability of young workers. That requires bolstering the realm of skill development, as well as job training institutions and employment agencies such that their infrastructure and quality are uniform throughout the country's territory (OECD, 2017).

Another challenge in terms of equal opportunities for adolescents and young people, one addressed in SDG 4, relates to access to quality education. This goal is geared to guaranteeing, by 2030, inclusive quality education for all and to promoting lifelong learning. It mentions the need to ensure that all girls and all boys finish primary and secondary school. Though the consolidated public expenditure on education as percentage of the GDP increased by 68% from 2003 to 2015, school desertion is still a challenge in Argentina: in the last thirteen years, the percentage of young people between the ages of eighteen and twenty-four to drop out of high school has never fallen below 21%.

Furthermore, according to assessments of educational quality for 2016, 41% of young people in the fifth and sixth years of high school performed below basic-skill levels in mathematics, and 23% below those levels in language. From a public policy outlook, increasing the number of adolescents and young people enrolled in the educational system and improving the quality of education in a context of constant technological change are fundamental to meeting SDG 4.

Bibliography

- Apella, I. and Zunino, G. (2017). "Cambio tecnológico y el mercado de trabajo en Argentina y Uruguay un análisis desde el enfoque de tarea", series of World Bank technical papers in Argentina, Paraguay, and Uruguay N° 11.
- Autor, D., Levy, F. and Murnane, R. (2003). "The skill content of recent technological change: An empirical exploration", *Quarterly Journal of Economics*, vol. 118(4), pp. 1279-1333.

- World Bank (2016). *World Development Report 2016: Digital Dividends*, Washington D.C., World Bank.
- Bertranou, F. and Casanova, L. (2015). *Trayectoria hacia el Trabajo decente de los Jóvenes en Argentina. Contribuciones de las políticas públicas de educación, formación para el trabajo y protección social*, Buenos Aires, International Labour Organization office.
- Castillo, V., Brizuela, S. and Schleser, D. (2012). “Dinámica del empleo formal en contextos de crisis”, in *Macroeconomía, empleo e ingresos. Debates y políticas en Argentina frente a la crisis internacional 2008-2009*, Buenos Aires, International Labour Organization office.
- Mazorra, X., Schachtel, L., Schleser, D. and Soto, C. (2014). “Jóvenes: Formación y empleo. Estudio sobre los participantes del Programa Jóvenes con Más y Mejor Trabajo”, Serie Trabajo, Ocupación y Empleo N° 12, Buenos Aires, Subsecretaría de Programación Técnica y Estudios Laborales, Ministerio de Trabajo, Empleo y Seguridad Social.
- OECD, UNECLAC and CAF (2017). *Perspectivas económicas de América Latina 2017. Juventud, competencias y emprendimiento*, Paris, OECD Publishing.
- OECD (2017). *OECD Economic Surveys: Argentina 2017: Multidimensional Economic Surveys of Argentina*, París, OECD.
- ILO (2015). *Global Employment Trends for Youth 2015. Scaling up Investments in Decent Jobs for Youth*, Geneva, International Labour Organization office.
- ILO (2016). *World Employment Social Outlook Trends 2016*, Geneva, International Labour Organization office.
- OIT (2017). *Decent Work and the 2030 Sustainable Development Agenda*, International Labour Organization bulletin, Geneva, International Labour Organization office.